

MID-TERM ECONOMIC PROGRAMMES AND THE USE OF EU FUNDS IN HUNGARY

The paper provides an overview of the three main mid-term economic programmes of Hungary: the National Strategic Reference Framework (NSRF), designed for identifying the main development objectives and for the efficient use of (EU and domestic) financial resources, the Convergence Programme (CP), the fulfilment of which is crucial for getting closer to the introduction of the euro, and the National (Lisbon) Reform Programme (NRP) having macroeconomic, microeconomic and employment objectives to reach in order to modernise the economy and the society. The paper shows the most important linkages, contradictions and overlaps between the three programmes, stressing the need for permanent coordination. Budget corrections are in the foreground right now, but is crucial that they should be followed by real reforms: the CP foresees such reforms, and some of them are already designed and will be introduced as soon as in 2007. In the design of such reforms, the NSRF and the NRP have a very important role. Hungary should not handle any of the above programmes as just « homeworks », which can be solved by the creation of a certain amount of official papers, because the implementation of these programmes is of crucial importance for the economic and social development of Hungary in the coming years.

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Introduction

„Programming” is one of the key words of European integration. In a general sense, it means that actions should not be initiated *ad hoc*, but as part of a process. The notion of programming is most well-known in the field of structural operations, where it is one of the fundamental principles in the European Communities (EC)/European Union (EU) since 1988. However, as empirical evidence shows, programming is present in practically any field of European integration: long-term programmes (plans) are more or less regularly elaborated (on regional, national and/or supra-national level) in order to promote development in the field in question.

This is also true for the case of Hungary. The paper will provide an overview of the three main mid-term economic programmes of Hungary: the National Strategic Reference Framework (NSRF), designed for identifying the main development objectives and for the efficient use of (EU and domestic) financial resources, the Convergence Programme (CP), the fulfilment of which is crucial for getting closer to the introduction of the euro, and the National (Lisbon) Reform Programme (NRP)

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having macroeconomic, microeconomic and employment objectives to reach in order to modernise the economy and the society.

Three Main Issues – Three Mid-Term Programmes

Hungarian economic policy objectives are in many aspects closely linked to the conditions the country has to fulfil in order to comply with EU requirements. These links can be best summarised in the case of three issues:

- The main overall economic objective of the country is to catch up to the EU average development level. EU funds (the Structural Funds and the Cohesion Fund) play a very important role in this process, especially with regard to the increase of funds available from 2007 (on average, between 2007–2013, yearly ca. 3,2 bn euro will be available from these funds for Hungary; this is roughly 3 times the yearly average in the period 2004–2006).
- Hungary is committed to replace its national currency by the euro as soon as the country is ready for that. To arrive at that point, Hungary has to make efforts in order to fulfil the Maastricht criteria.
- Hungary, as all the member states of the EU, is part of the Lisbon process. The years 2005–2008 constitute the first mid-term period for introducing measures in order to realise progress in the fields of macroeconomic and microeconomic performance, as well as of employment.

The above three objectives overlap considerably in time; regarding the contents, there are overlaps (even synergies) which can help the realisation of the objectives, but in some aspects, these objectives – at least on the short run – also contradict each other. Most contradictions concern financing, and it is the task of the elaborated mid-term programmes coordinate the policies in a way that enables to make ends meet. The three programmes mentioned above are the following:

- National development objectives, priorities and the use of EU funds are integrated in the National Strategic Reference Framework. Due to its nature, this programme has a solid financial background for the period 2007–2013.² The NSRF (also called New Hungary Development Plan in Hungary) contains a detailed evaluation of the situation, the description of development objectives, priorities and measures, as well as an overall plan for financing these measures.
- The way towards fulfilling the Maastricht criteria is laid down in the Convergence Programme. Due to the fact that Hungary did not reach the targets laid down in its CP, a new version of it was prepared by September 2006. This new version established a new path of economic development the next years, but did not set any official target date (being earlier 2008, then 2010) for the introduction of the euro.
- The National (Lisbon) Reform Programme³ outlines the main tasks related to the EU's Lisbon strategy in Hungary in the period 2005–2008. This programme – similarly to the NSRF – also contains an evaluation of the present situation and mid-term prospects of the economy, and proposes

² The first NSRF (generally referred to in Hungary as National Development Plan) was prepared for the period 2004–2006.

³ In Hungarian, the programme is generally referred to as Lisbon Action Programme (Lisszaboni Akcióprogram).

measures in the fields already mentioned. The big difference from the NSRF is that the role of EU financing is minimal in Lisbon-related actions.

Overlaps between the programmes are relatively easy to identify. All the three programmes have to take into account the actual situation and the mid-term prospects of the economy. No wonder that the evaluation parts of the programmes are very similar to each other; in part, they have been produced by the same institutions and the same people. This, of course, helps the programmes to be coherent, and reduces the risks of containing contradictory evaluations and expectations.

However, there are important differences between the programmes. The CP is very different from the other two programmes: its objectives are very clear, and the measures it requires, generally reduce the room of manoeuvre of both other programmes (especially of the NRP, which has to be realised mainly from domestic financial resources, but also making co-financing potentially more difficult in the case of the NSRF). We have to note, anyway, that even the CP can have effects which strengthen both other programmes: e.g. if the public sector reform is successfully managed, it can also help to make the use of EU funds more efficient as well as enabling a change of the business environment pointing to the direction set in Lisbon.

This is, of course, easy to say, and much more difficult to reach in practice. As Hungary is still relatively at the beginning of all three programmes (in the case of the CP, the 2006 versions mean practically a new beginning), we cannot speak about clear results by now. Instead, in the following sections, we will present the main challenges regarding the following mid-term period from the point of view of the three programmes.

Macroeconomic Background and the Convergence Programme

According to the earlier projections (from the years 2004–2005), real GDP growth in Hungary was expected to remain around or above 4% in the next years. However, in the year 2006, the CP needed to be considerably modified, and the actually foreseen growth path of the Hungarian economy shows considerable differences vis-à-vis earlier expectations, with special regard to the years 2007–2008. In these two years, real GDP growth is expected to fall well under 3%, to return to higher growth again from 2009 (see Table 1 for the main economic indicators).

As a substantial component of GDP growth, domestic use projections follow a similar path, although the values are at a lower level. As a consequence, the decline in the values leads to quasi-stagnation in the years 2007–2008 (and, in the case of private consumption, a drop in the year 2007 is foreseen). Return to around 3% growth is expected only by 2010–2011.

Exports are still expected to increase more than twice as fast as GDP, thus they remain a driving force of growth. The optimism of the projections in this respect can be justified by the experiences of the previous years (Hungarian exports grew consistently 3 to 4 percentage points faster than external demand, even in the case of recession on the main export markets).

The estimated yearly growth rate of investments is quite modest (but still clearly positive, and faster than that of real GDP) for the “tough” years 2007–2008, but

expected to increase to a level around 7% for 2009. An important underlying factor of this relative dynamism is the continuously increasing presence of foreign capital; the attractiveness of the country for foreign investors has to be further increased. Firms with foreign capital play a very important role in the export performance of Hungary, as well.

Table 1
Stabilisation and equilibrium – main economic indicators, outlook 2007–2011

	2007	2008	2009	2010	2011
changes vis-à-vis the previous year (%)					
GDP	2.2	2.6	4.1	4.3	ca. 4.5
Domestic consumption	0.3	0.7	3.3	3.7	ca. 4
of which:					
Private consumption	-0.8	0.0	1.8	2.7	ca. 3
Gross fixed capital formation	2.4	4.0	7.5	6.8	6–8
External trade					
Export (goods and services)	10.6	9.7	9.4	9.3	8–10
Import (goods and services)	8.1	7.5	8.6	8.9	8–10
Real income per capita	-1.3	0.4	2.4	3.1	ca. 3.5
Employment	0.0	0.3	0.7	0.7	0.7–1
Consumer prices	6.2	3.3	3.0	2.8	2.5–3
in % of GDP					
Current account deficit	5.0	3.3	2.3	1.5	ca. 1
Net borrowing vis-à-vis the rest of the world	3.6	1.7	0.1	-0.6	ca. -1.5
Budget deficit	-6.8	-4.3	-3.2	-2.7	-2.2
Primary balance	-2.4	0.0	0.9	1.1	ca. 1.5
Expenditures without EU-transfers	43.7	40.5	39.7	38.5	ca. 38
Tax and contribution revenues	38.1	37.8	37.3	37.0	36.5–37
Gross public debt	70.1	71.3	69.3	67.5	65–66

Source: Government of the Republic of Hungary (2006b): Convergence Programme of Hungary 2006–2010 (December 2006), p. 5.

Changes in the CP also affect expectations concerning employment and unemployment figures (see Table 2 for details). In 2007, the employment level is estimated to stagnate, from 2008, a slow increase in the number of employees is expected. The unemployment rate is expected to slightly increase, then decline again; and while the decrease foreseen from 2008 is expected to be relatively small, it is calculated for slightly increasing activity rates, thus the real improvement can be better, if the figures come true.

Table 2
Employment and growth in Hungary (change in %)

	2005	2006	2007	2008	2009	2010	2011
Number of employees	0.0	0.6	0.0	0.3	0.7	0.7	0.7–1
Increase of productivity	4.1	3.4	2.2	2.2	3.5	3.6	ca. 3.5
Unemployment rate, %	7.2	7.4	7.5	7.4	7.3	7.2	7–7.2
Activity rate, %	61.4	61.9	62.0	62.3	62.8	63.4	ca. 64
GDP	4.2	4.0	2.2	2.6	4.2	4.3	ca. 4.5

Source: Government of the Republic of Hungary (2006b): Convergence Programme of Hungary 2006–2010 (December 2006), p. 12.

Indicators concerning stability have been problematic for Hungary for a long time. In the case of price stability, the tendency of improvement was expected to continue, but the changes in 2006–2007 (increase of VAT for a broad set of products and services, gradual adjustment of highly subsidised energy prices to the world price level) lead to an increase of the CPI in these years (see Table 3 for details). However, the consistent stability-oriented policy is expected to help to get over this temporary increase, and from 2008, the figures foreseen return gradually onto the earlier development path.

Table 3

Inflation (%)							
	2005	2006	2007	2008	2009	2010	2011
CPI, annual average	3.6	3.9	6.2	3.3	3.0	2.8	2.5–3

Source: Government of the Republic of Hungary (2006b): Convergence Programme of Hungary 2006–2010 (December 2006), p. 15.

As it can be seen from the data in Table 4, due to the sharp divergence of the public deficit from the original plans, the 2004 version of the CP had to be modified in December 2005. The increase in general government net lending also led to a divergence in the gross debt figures. This has already meant considerable modifications, but the really big (and shocking) changes came with the September 2006 version. The actual (December 2006) version of the CP contains only some relatively minor (but positive) differences in expectations compared with the previous one. The differences between the different versions of the CP is shown until 2008 in Table 4, but, of course, it has consequences for the years after, as well (the expected values of the actual (December 2006) version of the CP are given in Table 1).

Table 4

General government net lending and general government gross debt (% of GDP) figures in the Convergence Programme

	2004	2005	2006	2007	2008
General government net lending					
CP 2004	4.5	3.8	3.1	2.4	1.8
CP 2005	5.4	6.1	4.7	3.3	1.9
CP 2006/09		7.5	10.1	6.8	4.3
CP 2006/12 (actual)		7.8	10.1	6.8	4.3
General government gross debt					
CP 2004	57.3	55.3	53.0	50.6	48.3
CP 2005	57.2	57.7	58.4	57.9	56.2
CP 2006/9		62.3	68.5	71.3	72.3
CP 2006/12 (actual)		61.7	67.5	70.1	71.3

Source: Government of the Republic of Hungary (2004): Convergence Programme of Hungary 2005–2008, Government of the Republic of Hungary (2005): Updated Convergence Programme of Hungary 2005–2008, Government of the Republic of Hungary (2006a): Convergence Programme of Hungary 2005–2009 (September 2006), Government of the Republic of Hungary (2006b): Convergence Programme of Hungary 2006–2010 (December 2006).

The National Strategic Reference Framework

The period 2007–2013 is generally considered in Hungary as *the* period, which is most decisive for the success of the economic catching-up process of the country. Of course, no one can realistically expect Hungary to reach the living standards of the developed Western European countries, and not even the EU average GDP per capita level by the end of this period. Still, the size of the external finances available from the EU Structural Funds and the Cohesion Fund means that development opportunities in this period will be of a higher order of magnitude than any time in the last decades. The total amount of potential financing from the above funds for the period is close to € 23 bn (on 2004 prices); for one year, it means more than three times the support level of the average of the period 2004–2006.

The new possibilities required new approaches. While in the period 2004–2006, operational programmes (OPs) have been centrally organised (four branch-specific OPs and one « regional » OP for all the regions of the country), the structure of the OPs is different in the period 2007–2013. From the 15 Ops, there are 7 branch-specific ones and 7 regional ones, and there is an OP designed to support the implementation of the NSRF. The regional OPs have been prepared by the regions themselves, in this respect, they represent a decentralised approach. On the other hand, the Management Authority of every OP (thus, also in the case of the regional OPs) is an administrative unit of the National Development Agency; in this sense, decentralisation still has important limits.

The amounts planned for the OPs for the period 2007–2013 are shown (on current prices) in Table 5. The OP with the biggest amount of EU funding is – not surprisingly – the Transport OP, with more than 50% of the total amount planned for the NSRF, while the second one is the Environment and Energy OP (with ca. 1/3 share). Both programmes enjoy support from the European Regional Development Fund as well as from the Cohesion Fund, and both are of crucial importance for the catching-up process and the long-term competitiveness of the Hungarian economy. The room left for the other branch-specific OPs as well as for the regional ones is relatively limited, but there is still much more possibility for progress than in the previous period, as the amounts show a considerable increase.

As it has been mentioned before, in principle, there is a potential risk of contradiction between the CP and the NSRF: co-financing of the EU support has to be guaranteed. The risk seems to be only theoretical, as the latest version of the CP explicitly guarantees the necessary financial resources for this purpose. There is another kind of close connection between the CP and the NSRF, as the objectives of some of the OPs (State Reform OP, Social Renewal OP, Electronic Public Administration OP) are important elements of the reforms foreseen in the CP.

Table 5

Indicative financial allocation plan of the operational programmes, 2007–2013

Financial table of the NHDP per operational programmes, 2007-2013										
Convergence objective		EUR, current prices, commitments								
Operational programme	Source	Total	2007	2008	2009	2010	2011	2012	2013	
Economic Development OP	ERDF	2 437 402 984	342 709 556	332 657 923	316 973 790	328 400 461	372 828 144	361 364 632	382 468 478	
	CF+ERDF	6 289 779 395	364 188 005	597 138 725	859 352 936	1 032 699 259	1 094 686 465	1 139 959 612	1 201 754 393	
Transport OP	CF	5 185 389 729	208 905 971	446 411 096	715 731 803	883 900 691	925 757 670	976 224 945	1 028 457 553	
	ERDF	1 104 389 666	155 282 034	150 727 629	143 621 133	148 798 568	168 928 795	163 734 667	173 296 840	
Electronic Public Administration OP	ERDF	357 306 637	65 290 039	58 624 473	51 079 216	46 420 553	45 320 058	44 046 127	46 526 171	
<i>Central Hungary Region</i>		76 422 554	25 796 504	20 289 280	14 551 447	8 575 985	2 355 685	2 402 798	2 450 855	
Social Infrastructure OP	ERDF	1 948 922 941	274 027 118	285 989 934	253 449 059	262 585 709	298 109 639	288 943 629	305 817 953	
	CF+ERDF	3 852 957 624	194 954 364	351 657 916	528 656 684	642 625 891	677 749 187	709 531 437	747 782 145	
Environment and Energy OP	CF	3 456 926 488	139 270 648	297 607 397	477 154 536	589 267 128	617 171 780	650 816 630	685 638 369	
	ERDF	396 031 136	55 683 716	54 050 519	51 502 148	53 358 763	60 577 407	58 714 807	62 143 776	
West-Transdanubia OP	ERDF	463 752 893	65 205 692	63 293 216	60 309 072	62 483 170	70 936 210	68 755 103	72 770 430	
Central Transdanubia OP	ERDF	507 919 836	71 415 758	69 321 142	66 052 793	68 433 948	77 692 040	75 303 208	79 700 947	
South-Transdanubia OP	ERDF	705 136 988	99 145 354	96 237 434	91 700 038	95 005 754	107 858 617	104 542 240	110 647 551	
South-Great Plain OP	ERDF	748 714 608	105 272 560	102 184 927	97 367 119	100 877 132	114 524 303	111 002 973	117 485 594	
North-Great Plain OP	ERDF	975 070 186	137 099 147	133 078 045	126 803 690	131 374 869	149 147 929	144 562 012	153 004 494	
North-Hungary OP	ERDF	903 723 589	127 067 503	123 340 627	117 525 372	121 762 074	138 234 666	133 984 304	141 809 043	
Implementation OP	ERDF	343 095 254	48 240 699	46 826 804	44 618 064	46 226 512	52 480 270	50 866 636	53 837 269	
Social Renewal OP	ESF	3 361 711 436	552 273 738	510 950 617	461 573 422	443 835 530	464 845 952	451 185 375	477 046 802	
<i>Central Hungary Region</i>		404 182 559	136 432 199	107 305 663	76 959 493	45 356 554	12 458 714	12 707 889	12 962 047	
State Reform OP	ESF	145 432 031	29 049 043	25 482 400	21 548 824	18 611 340	16 911 746	16 480 064	17 368 614	
<i>Central Hungary Region</i>		43 670 032	14 740 860	11 593 874	8 315 113	4 900 563	1 346 106	1 373 028	1 400 488	
National Performance Reserve		373 419 835	0	0	0	0	0	184 861 304	188 558 531	
NSRF in total		22 890 071 092	2 298 969 013	2 637 594 366	2 997 184 026	3 342 509 100	3 665 164 721	3 868 884 841	4 079 765 025	
ERDF in total		10 815 044 164	1 520 642 672	1 476 042 393	1 406 450 047	1 457 151 528	1 654 282 393	1 603 417 440	1 697 057 691	
CF in total		8 642 316 217	348 176 619	744 018 493	1 192 886 339	1 473 167 819	1 542 929 450	1 627 041 575	1 714 095 922	
ESF in total		3 059 290 876	430 149 722	417 533 480	397 847 640	412 189 753	467 952 878	453 564 522	480 052 881	
EAFRD		3 805 843 392	570 811 818	537 525 681	498 635 432	509 252 494	547 603 625	563 304 619	578 709 743	
EFF		34 291 356	4 685 263	4 641 875	4 331 579	4 441 817	5 042 728	5 326 934	5 621 161	

Regional competitiveness and employment objective		EUR, current prices, commitments								
Operational programme	Source	Total	2007	2008	2009	2010	2011	2012	2013	
Central Hungary OP	ERDF	1 506 802 363	508 622 538	400 038 109	286 906 854	169 090 333	46 446 389	47 375 317	48 322 823	
Electronic Public Administration OP	ERDF									
<i>Central Hungary Region</i>		76 422 554	25 796 504	20 289 280	14 551 447	8 575 985	2 355 685	2 402 798	2 450 855	
Social Renewal OP	ESF									
<i>Central Hungary Region</i>		404 182 559	136 432 199	107 305 663	76 959 493	45 356 554	12 458 714	12 707 889	12 962 047	
State Reform OP	ESF									
<i>Central Hungary Region</i>		43 670 032	14 740 860	11 593 874	8 315 113	4 900 563	1 346 106	1 373 028	1 400 488	
NSRF in total		2 031 077 508	685 592 101	539 226 927	386 732 907	227 923 435	62 606 894	63 859 032	65 136 213	
ERDF in total		1 583 224 917	534 419 042	420 327 389	301 458 301	177 666 318	48 802 074	49 778 115	50 773 678	
ESF in total		447 852 591	151 173 059	118 899 537	85 274 606	50 257 117	13 804 820	14 080 917	14 362 535	

Source: The Government of the Republic of Hungary (2006): The New Hungary Development Plan 2007–2013. Employment and Growth. (National Strategic Reference Framework of Hungary) Accepted by the Hungarian Government on the 25th of October, 2006, pp. 123–124.

The Lisbon Reform Programme

In line with the re-launch of the Lisbon strategy, Hungary – as all the member states of the European Union (EU) – has prepared a National Reform Program (NRP) in order to summarise the main challenges and reform needs in the actual mid-term period (2005–2008). In line with the Lisbon process, the main fields analysed are macroeconomic, microeconomic and employment challenges and reforms.

Macroeconomic stability and financial balance are fundamental for the achievement of the objectives set in the NRP. Economic growth was originally expected to remain dynamic (4–4.5% annual real GDP growth) until 2008, but these expectations had to be readjusted in line with the modifications of the CP ; the same was true for consumption, and inflation forecasts also needed correction . Exports are – in the present situation more than earlier – crucial for growth, and the optimism of the NRP in this respect can be justified by the experiences of the previous years (Hungarian exports grew 3–4 percentage points higher than external demand even in recession).

An important underlying factor of this dynamism is the continuously increasing presence of foreign capital; the attractiveness of the country for foreign investors has to be further increased. Firms with foreign capital play a very important role in the export performance of Hungary, as well.

Priorities and measures in the macroeconomic field are related to different aspects. Structural changes are foreseen in order to secure economic stability (a pre-condition for sustainable growth). In order to reach long-term sustainability of the general government, inter-related reforms are necessary: pension reform, reform of healthcare, measures targeted at the increase of employment, and budgetary balance ensuring the appropriate rate of decrease of government debt. These measures have been put into the foreground by the important changes of the CP in 2006, and have already partly been concretised by changes in the regulation.

Decentralisation of income is a fundamental objective of fiscal policy, reform of the tax regime and of the contribution system being important instruments; again, the changes in the CP have put these issues into the foreground. In 2005 the government has proposed to contribute to greater predictability by launching the debate on a more predictable wage policy. This can also contribute to the objective of making macroeconomic, structural and employment policies more coherent.

Microeconomic situation and development is also crucial for Lisbon-related reforms. In Hungary, productivity is relatively lower than in the EU. This is due to a number of structural characteristics, the availability of capital (both physical and human), the competitiveness of the business sector and the efficiency of public services. Innovation expenditure in the business sector is low, as innovation capabilities, as well as demand for innovation are limited. R&D expenditure approximates only 1% of GDP (instead of 3% defined among the Lisbon objectives), and the share of the business sector is only about 30%. Concerning information society, despite recent dynamic development, Hungary lags far behind the EU average.

In order to induce positive changes leading to improve competitiveness, the NRP “puts emphasis on the spread of new (production) technologies, the training of flexible and adaptive labour, the development of intense R&D and innovation activities as well as operations creating ICT (information and communication technology assets, and on the modern physical infrastructure serving the economy” (NRP (2005), p. 5). There are different measures foreseen, including direct market developing steps (in order to extend competitiveness) encouraging the private sector to participate more actively in the R&D activity, and to facilitate the spread and utilisation of ICT. In Hungary, the quality of physical capital is a crucial question; especially, the development of infrastructure is an important pre-condition of improving competitiveness. This relates most importantly to transport

infrastructure, but other infrastructure development (R&D, innovation infrastructure, broadband etc.), as well as the improvement of the business environment and the intensification of competition is also important.

The Hungarian labour market is characterised by a relatively low level of activity/employment, coupled with a low rate of unemployment (see Table 2). The main challenge for labour market policy is the high rate of inactivity in the working-age population. Especially older age groups and men show a low employment rate. While for high-skilled people, labour market prospects are similar or better, for low-skilled people, such prospects are poorer than in other EU member states. A specific feature of the labour market is the clear disadvantage of the Roma population; disadvantages, however, also hit disabled people. Finally, territorial disparities regarding employment and unemployment are significant (with employment rates about 62% and unemployment rates under 5% in Central Hungary and Western Transdanubia, and employment rates about 50% and unemployment rates above 7% in the poorer Southern and Eastern regions; regarding smaller units, disparities are much more important).

Table 6

Linkages between the NRP and the NSRF

Revised National Lisbon Action Programme (NRP)	New Hungary Development Plan (NSRF)
State reform	State Reform OP
Strengthening the role of active labour market policies	Social Renewal OP Human Infrastructure OP
Targeted supports for the employment of the disadvantaged	Social Renewal OP Human Infrastructure OP
Training, life-long learning	Human Resources Development OP Human Infrastructure OP
Business environment improvement	Economic Development OP
Research/development and innovation	Economic Development OP Human Resources Development OP
Environment development	Environment Development OP
Energy policy	Environment Development OP
Infrastructure development and pro-competitive regulation	Economic Development OP Transport Development OP

Source: Hungary (2006): Revised National Action Programme for Growth and Employment, p. 76.

As it is shown in Table 6, there are important linkages between the NRP and the NSRF, and thus these programmes can strengthen each other. These linkages are logical and relatively easy to define, and the financing available for the NSRF can thus also (indirectly) contribute to the implementation of the NRP. The whole set of linkages between different programmes is, however, much more complicated; the various department policy strategies and measures considered to be indispensable for the implementation of the Lisbon Strategy objectives (and thus needing continuous monitoring of implementation) are listed in Table 7.

Table 7

NRP-related department policy strategies and reports

- Convergence Programme (1 September 2006)
- New Hungary Development Plan (2007–2013)
- Sustainable Development Strategy (under planning, date of presentation 1 July, 2007)
- National Cancer Control Programme (2006–2013)
- National Infant and Child Healthcare Programme (November 2005 – 2013)
- National Public Health Programme (2003–2013)
- Green Paper on Hungarian Healthcare (26 July 2006)
- Energy Policy 2006–2015 – GKM studies
- Hungarian Information Society Strategy (2003–)
- National Broad Band Strategy (2005–2013)
- National Environment Protection Programme (2003–2008)
- National Strategy Report on Social Protection and Social Cohesion (under planning –Date of presentation: 15 October, 2006)
- Pension Strategy Report (2005–2006)
- Hungarian Strategy for Life-long Learning (2005–2013)
- Knowledge for All! Action Plan (2006–2010)
- Education IT Strategy (2004–2006)
- Equal Opportunity in Education Work Programme (31 August 2006)
- Medium Term Strategy for Science–technology and Innovation Policy (31 October 2006)
- Reforms in Education 2002–2006
- Vocational Training Strategy
- National Tourism Development Strategy (2005–2013)
- New Hungary Regional Development Strategic Plan (2007–2013)

Source: Hungary (2006): Revised National Action Programme for Growth and Employment, p. 7.

Concluding Remarks

In the period 2007–2013, Hungary has the possibility of making important progress on the way of economic catching-up : the external financial assistance coming from the EU funds creates very favorable financial conditions for this process. On the other hand, the first years of this period are also crucial for the macroeconomic stability of Hungary: the CP foresees restrictive measures for 2007–2008, and the return to the previous growth path (around or over 4% per year) is expected only from 2009.

As we have noted, it is very important that the CP guarantees that restrictive measures do not endanger the use of EU funds and the implementation of the NSRF. In this way, the programmes in the framework of the NSRF can also be regarded as factors diminishing (although to a different extent in different fields) the painful effects of the budgetary correction.

It is crucial that correction should be followed by real reforms: the CP foresees such reforms, and some of them are already designed and will be introduced as soon as in 2007. In the design of such reforms, the NSRF and the NRP have a very important role; the linkages between these two programmes have been shown above (in Table 6), but it is also obvious that there are important synergies with the CP, as well.

From what has been said above, it is very clear that Hungary should not handle any of the above programmes as just « homeworks », which can be solved by the creation of a certain amount of official papers. The implementation of the three programmes discussed is of crucial importance for the economic and social development of Hungary in the coming years.

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